



# MY RENEWABLE ENERGY CREDITS (MY RECS) RIDER 4/29

Otter Tail Power Company

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## OUR VISION

**Growth and success—for our company  
and the rural communities we serve.**

We collaborate and prosper through  
responsible, resourceful action. We balance  
community, economic, and environmental  
commitments. **Always.**



## OUR MISSION

To produce and deliver electricity as reliably, economically, and environmentally responsibly as possible to the balanced benefit of customers, shareholders, and employees and to improve the quality of life in the areas in which we do business.



# OUR VALUES



## **Integrity.**

We conduct business responsibly and honestly.



## **Safety.**

We provide safe workplaces and require safe work practices.



## **Customer focus.**

We provide reliable electricity and timely, courteous customer service.



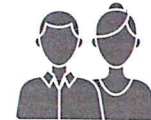
## **Resourcefulness.**

We draw on the ingenuity and expertise of various resources to create strategic, balanced plans.



## **Community.**

We improve the quality of life in the areas in which we do business.



## **People.**

We build respectful relationships and create an environment where all people can thrive.

# AGENDA

- Purpose of the Product
- Current Renewable options for Customers
- Product Overview
- Proposed Rates
- Recommendations
- Questions

## WHY ARE WE DOING THIS?

- Larger customers communicated to Otter Tail Power a desire to have a rate product that supports environmentally friendly, carbon free energy generation. This led to forming an internal stakeholder group to address this customer need. Companies can use My RECs to help qualify for certifications that allow them to advertise or mark their products as “green.” Companies may also use My RECs to meet SEC requirements related to shareholder statements.
- The My RECs product was identified in those discussions as the most balanced approach to serve that need to the benefit of customers using existing approved resources, and without pushing any costs onto other customers.

## CURRENT RENEWABLE OPTIONS FOR CUSTOMERS IN ND

- Tailwinds
  - Customer buys 100 kWh blocks at \$3.32
    - Do see a savings from Energy Adjustment.
- Customer installs behind the meter generation
  - Customer would need a large dedicated space and capital funds for installation of behind the meter generation.
  - Customer would also be avoiding fixed cost for OTP dedicated assets to serve the customer.
  - Shifting cost on to other rate payers.

## TARGET CUSTOMERS

- My RECs is a product that was designed to meet the needs of commercial scale customers who may wish to support environmentally friendly, carbon free energy generation.
- This would be available to commercial and industrial customers with at least 20 kW of metered demand.

## PRODUCT OVERVIEW

- Product filed in MN, ND, and SD.
- Currently excess ND wind RECs are sold on the open market. Revenues from ND allocated wind REC sales are returned to ND customers. This helps keep our rates lower in ND. This process will continue for any excess ND wind RECs not sold thru My RECs.
- Instead of selling these RECs on the open market we would like to offer these RECs to our customers at a commission approved market-based rate. Wind REC sales will continue to be returned to ND customers.
- Customers will have the option to choose to purchase RECs in three tiers of 50%, 75%, or 100% renewable for an added kWh charge and minimal customer charge.
- OTP will retire RECs for this program on behalf of participating customers each year based on their annual usage.
- The initial company annual maximum of 600,000 RECS will be made available to this program. The maximum will be updated annually based on prior year's excess RECs.

# PROPOSED RATES

## MY RENEWABLE ENERGY CREDITS RIDER (Commonly identified as My RECs)

DESCRIPTION	RATE CODE
50% My RECs Option	N723
75% My RECs Option	N725
100% My RECs Option	N727

CUSTOMER CHARGE	
Customer Charge per Month:	\$1.28

ENERGY CHARGE		
Energy Charge All Consumption per kWh:		
50% My RECs Option	0.08021	c/kWh
75% My RECs Option	0.12031	c/kWh
100% My RECs Option	0.16042	c/kWh

- My RECs rates are designed to accommodate three different participation levels.
- Prices reference the Small Power Producer rate, which is based upon market price for RECS, with an adder to recover OTP's administrative costs associated with the program.
- We plan to update this rider pricing annually, with the Small Power Producer rates filing.

# CUSTOMER BILLING EXAMPLE

## Table with usage and prices

E. Example of the customer bill impact			
			Customer Charge \$ 1.28
My RECs Option	50%	75%	100%
<b>Monthly Electric Use:</b>			
800 kWh	\$ 1.92	\$ 2.24	\$ 2.56
1,000 kWh	\$ 2.08	\$ 2.48	\$ 2.88
1,200 kWh	\$ 2.24	\$ 2.72	\$ 3.21
100,000 kWh	\$ 81.49	\$ 121.59	\$ 161.70
500,000 kWh	\$ 402.32	\$ 602.84	\$ 803.36
1,000,000 kWh	\$ 803.36	\$ 1,204.41	\$ 1,605.45

- These calculations show a sample bill impact at the three levels of participation.

# AMENDED PROPOSED TARIFF LANGUAGE

- We will be filing an amended tariff sheet to clarify administration of the My RECs Rider.
- Determination of the charges was added to clarify the billing process for when there is more than one service on the account.
- This supplemental filing will occur after this hearing.

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**RULES AND REGULATIONS:** Terms and conditions of this tariff and the General Rules and Regulations govern use of this rider.

**AVAILABILITY:** This rider is available on a voluntary basis and is applicable to both Single and Three-phase nonresidential Customers with a **measuredMaximum** Demand of at least 20 kW at the time of enrollment. This rider is open to eligible customers on a first-come first-served basis until participation reaches the applicable annual participation cap of 600,000 MWh (equivalent of 600,000 RECs). Refer to Section 14.00 for the Voluntary Riders – Availability Matrix. Tariff Section 11.03 and 11.07 may qualify if cumulative Demand can be determined to be at least 20 kW.

**DETERMINATION OF MY RECS CHARGE:** This charge would apply to all metered and unmetered services to the qualifying account, except services under Section 11.04, 11.06, 12.01, 12.02, and 12.03.

## RECOMMENDATIONS

- Otter Tail recommends commission approval with an implementation date of June 1<sup>st</sup>, 2024.



Questions?



[otpc.com](http://otpc.com)  
[otpsustainability.com](http://otpsustainability.com)